

## **2013 DRAFTING REQUEST**

### **Assembly Substitute Amendment (ASA-AB(LRBx2442/1))**

Received: **6/4/2013** Received By: **mgallagh**  
Wanted: **As time permits** Same as LRB:  
For: **Melissa Sargent (608) 266-0960** By/Representing: **Aaron**  
May Contact: Drafter: **mgallagh**  
Subject: **Econ. Development - misc.** Addl. Drafters:  
**State Govt - miscellaneous** Extra Copies: **FFK**

Submit via email: **YES**  
Requester's email: **Rep.Sargent@legis.wisconsin.gov**  
Carbon copy (CC) to: **michael.gallagher@legis.wisconsin.gov**

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#### **Pre Topic:**

No specific pre topic given

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#### **Topic:**

board of directors, powers and duties, including reporting requirements, and financial audits of the Wisconsin Economic Development Corporation

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#### **Instructions:**

See attached

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#### **Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mgallagh 6/4/2013	scalvin 6/4/2013	rschluet 6/4/2013	_____			
/1				_____	srose 6/4/2013	srose 6/4/2013	State

FE Sent For:

<END>

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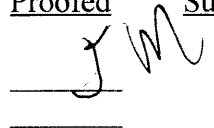
### Topic:

board of directors, powers and duties, including reporting requirements, and financial audits of the Wisconsin Economic Development Corporation

### Instructions:

See attached

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1/2	mgallagh	1/1 sac 06/04/2013					

FE Sent For:

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## **Gallagher, Michael**

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**From:** Collins, Aaron  
**Sent:** Tuesday, June 04, 2013 1:02 PM  
**To:** Gallagher, Michael  
**Subject:** Amendments

Hi Mike,

Rep. Sargent would like a few more amendments for the Joint Audit public hearing tomorrow on SB 205 / LRB 224/1.

1. Substitute amendment that would be LRB 224/1 plus LRB 2394. Basically combining those two bill drafts, but giving precedent to LRB-2394 if there are any conflicts.
2. Simple Amendment: Governor no longer serves as board chairman, instead the WEDC board elects a chairperson.
3. Simple Amendment: The board has the authority to hire and fire all top WEDC executive positions: CEO, CFO, COO
4. Simple Amendment: WEDC executive positions would have new criteria for conditions of hire. Must have economic development experience.

Let me know if you have any questions on these. Thanks so much!

***Aaron Collins***

**Office of Representative Melissa Sargent**

48<sup>th</sup> Assembly District

8 West, State Capitol

608-266-0960

[aaron.collins@legis.wi.gov](mailto:aaron.collins@legis.wi.gov)



b/4 Today Thanks.  
State of Wisconsin  
2013 - 2014 LEGISLATURE



LRB 2442/1

MPG&CMH:sag:m

stays #cjs

2013 BILL

Insert

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1 **AN ACT to renumber and amend** 13.94 (1) (dr); **to amend** 1.14 (1) (b), 13.92 (1)  
2 (b) 1. b., 13.94 (1s) (c) 5., 16.004 (17), 16.52 (6) (a), 16.53 (13) (a), 16.545 (9), 16.70  
3 (1e), 16.765 (1), 16.765 (2), 16.765 (5), 16.765 (6), 16.765 (7) (intro.), 16.765 (7)  
4 (d), 16.765 (8), 16.84 (14), 16.847 (2) (a), 16.855 (16) (b) 1., 16.891 (1) (a), 16.967  
5 (1) (a), 16.97 (1m), 19.42 (10) (sm), 19.42 (13) (om), 20.505 (5) (ke), 20.866 (2)  
6 (ws), 20.867 (3) (kd), 238.02 (1), 238.03 (2) (c), 238.03 (2) (e) and 250.20 (1) (k);  
7 and **to create** 13.94 (1) (dr) 1., 13.94 (1) (dr) 2., 238.02 (1g), 238.02 (1r), 238.045,  
8 238.07 (2) (am), 238.07 (2) (dm), 238.07 (2) (fm) and 238.07 (2) (gm) of the  
9 statutes; **relating to:** board of directors, powers and duties, including  
10 reporting requirements, and financial audits of the Wisconsin Economic  
11 Development Corporation.

**Analysis by the Legislative Reference Bureau**

This bill makes a number of changes to the laws governing the Wisconsin Economic Development Corporation (WEDC), including the following:

1. WEDC administers, develops, and implements economic development programs that have the purpose of encouraging the establishment and growth of

**BILL**

businesses in this state. Each year, WEDC submits a report by October 1 to the Joint Legislative Audit Committee and each house of the legislature that provides information about the progress of WEDC's economic development programs during the previous fiscal year. That report must contain a description of each program, a comparison of expected and actual program outcomes, the number of grants or loans made under each program, the amount of each grant or loan, the recipient of each grant or loan, the sum total of all grants and loans awarded by WEDC under an economic development program, and any recommended changes to each program.

The bill requires WEDC to include all of the following additional information in its annual report:

a. Quantifiable performance measures directly related to the purpose of each economic development program, including an accounting of the location and industry classification, by municipality, of each job created or retained in the state in the previous fiscal year as a result of the program.

b. The amount of tax benefits that WEDC allocated, or verified to the Department of Revenue (DOR), under each program in the previous fiscal year.

c. An identification of each recipient of a tax benefit that WEDC allocated, or verified to DOR, during the previous fiscal year.

d. The total number of recipients of a grant, loan, or tax benefit that satisfied the certain reporting obligations to WEDC and a list identifying each recipient of a grant, loan, or tax benefit that failed to satisfy those obligations.

2. Currently, the board of directors of WEDC includes six members who are nominated by the governor and appointed with the advice and consent of the senate and who serve at the pleasure of the governor; three members appointed by the speaker of the assembly, consisting of one majority and one minority party representative to the assembly and one person employed in the private sector; and three members appointed by the senate majority leader, consisting of one majority and one minority party senator and one person employed in the private sector.

Under the bill, the members of the board nominated by the governor no longer serve at the pleasure of the governor but serve six-year, staggered terms. In addition, the members of the board employed in the private sector and appointed by the speaker of the assembly and senate majority leader no longer serve at the pleasure of the speaker or majority leader but serve six-year terms.

3. Under current law, the governor serves as the chairperson of WEDC's board.

Under the bill, the board must also elect one of its public members to serve as the board's lead director for a two-year term. The lead director must have significant corporate management experience. Under the bill, the lead director is to chair meetings of the board in the chairperson's absence, chair the governance committee, described below, serve as a liaison between the chairperson and the other board members, work with the chairperson to ensure adequate committee structure for any committees the board establishes, and carry out other duties as assigned by the board or the governance committee.

4. The bill further requires WEDC's board to establish a governance committee. In addition to the lead director, who serves as chair of the governance committee, the governance committee must include two of the board's public members. The bill

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11.

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**BILL**

directs the governance committee to develop principles for the board's oversight of WEDC, oversee the board's operations, recommend membership for committees the board establishes, assist the chairperson, <sup>and the board</sup> to identify qualified candidates to fill vacancies on the board, and facilitate communication between the members of the board and the chief executive officer of WEDC.

13. 5. Under current law, the Legislative Audit Bureau is required to conduct a financial audit of WEDC every two years and a program evaluation audit of the economic development programs administered by WEDC every two years. The bill requires that the financial audit be conducted annually until June 30, 2019, after which point, the financial audit reverts to being conducted every two years.

14. 6. In addition to other powers specifically enumerated in the statutes, current law grants WEDC all the powers necessary or convenient to carry out its purposes. The bill limits WEDC's power to establish a nonprofit organization by requiring WEDC to submit any plan to establish a nonprofit organization to the Joint Committee on Finance under passive review.

15. 7. Under current law, with certain exceptions, the Department of Administration (DOA) must purchase, or may delegate the authority to purchase, all necessary materials, supplies, equipment, all other permanent personal property and miscellaneous capital, and contractual services for all agencies. DOA, or its delegated agents, may contract for services that can be performed more economically or efficiently by contract. With exceptions, DOA must award orders and contracts to the lowest responsible bidders or most competitive proposal. If the estimated cost of an expenditure exceeds \$50,000, DOA must solicit bids or competitive sealed proposals. This bill adds WEDC to the definition of agency for purposes of state procurement so that WEDC is subject to the same laws regulating agency purchasing.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 1.14 (1) (b) of the statutes is amended to read:

2           1.14 (1) (b) "State agency" has the meaning given for "agency" under s. 16.70  
3           ~~(1e)~~ 16.97 (1m).

4           **SECTION 2.** 13.92 (1) (b) 1. b. of the statutes is amended to read:

5           13.92 (1) (b) 1. b. Any agency, as defined in s. ~~16.70 (1e)~~ 16.97 (1m), created  
6           under ch. 13, 14, 15, or 758.

**BILL****SECTION 3**

1       **SECTION 3.** 13.94 (1) (dr) of the statutes is renumbered 13.94 (1) (dr) 3. and  
2 amended to read:

3       13.94 (1) (dr) 3. Biennially, ~~beginning in 2013~~, conduct ~~a financial audit of the~~  
4 ~~Wisconsin Economic Development Corporation~~ and a program evaluation audit of  
5 the economic development programs administered by the Wisconsin Economic  
6 Development Corporation under ch. 238.

7       4. The legislative audit bureau shall file a copy of each audit report under this  
8 paragraph with the distributees specified in par. (b).

9       **SECTION 4.** 13.94 (1) (dr) 1. of the statutes is created to read:

10       13.94 (1) (dr) 1. Annually, conduct a financial audit of the Wisconsin Economic  
11 Development Corporation. This subdivision does not apply after June 30, 2019.

12       **SECTION 5.** 13.94 (1) (dr) 2. of the statutes is created to read:

13       13.94 (1) (dr) 2. Biennially, conduct a financial audit of the Wisconsin Economic  
14 Development Corporation. This subdivision applies after June 30, 2019.

15       **SECTION 6.** 13.94 (1s) (c) 5. of the statutes is amended to read:

16       13.94 (1s) (c) 5. The Wisconsin Economic Development Corporation for the cost  
17 of the ~~audit~~ audits required to be performed under sub. (1) (dr).

18       **SECTION 7.** 16.004 (17) of the statutes is amended to read:

19       16.004 (17) BUSINESS INTELLIGENCE AND DATA WAREHOUSING SYSTEM. The  
20 department may implement an enterprise-wide reporting, data warehousing, and  
21 data analysis system applicable to every agency, as defined in s. ~~16.70(1e)~~ 16.97 (1m),  
22 other than the legislative and judicial branches of state government.

23       **SECTION 8.** 16.52 (6) (a) of the statutes is amended to read:

24       16.52 (6) (a) Except as authorized in s. 16.74, all purchase orders, contracts,  
25 or printing orders for any agency, as defined in s. ~~16.70(1e)~~ 16.97 (1m), shall, before

**BILL**

1 any liability is incurred thereon, be submitted to the secretary for his or her approval  
2 as to legality of purpose and sufficiency of appropriated and allotted funds therefor.  
3 In all cases the date of the contract or order governs the fiscal year to which the  
4 contract or order is chargeable, unless the secretary determines that the purpose of  
5 the contract or order is to prevent lapsing of appropriations or to otherwise  
6 circumvent budgetary intent. Upon such approval, the secretary shall immediately  
7 encumber all contracts or orders, and indicate the fiscal year to which they are  
8 chargeable.

9 **SECTION 9.** 16.53 (13) (a) of the statutes is amended to read:

10 16.53 (13) (a) In this subsection, “agency” has the meaning given in s. ~~16.70 (1e)~~  
11 16.97 (1m).

12 **SECTION 10.** 16.545 (9) of the statutes is amended to read:

13 16.545 (9) To initiate contacts with the federal government for the purpose of  
14 facilitating participation by agencies, as defined in s. ~~16.70 (1e)~~ 16.97 (1m), in federal  
15 aid programs, to assist those agencies in applying for such aid, and to facilitate  
16 influencing the federal government to make policy changes that will be beneficial to  
17 this state. The department may assess an agency to which it provides services under  
18 this subsection a fee for the expenses incurred by the department in providing those  
19 services.

20 **SECTION 11.** 16.70 (1e) of the statutes is amended to read:

21 16.70 (1e) “Agency” means an office, department, agency, institution of higher  
22 education, association, society or other body in state government created or  
23 authorized to be created by the constitution or any law, which is entitled to expend  
24 moneys appropriated by law, including the Wisconsin Economic Development  
25 Corporation, the legislature, and the courts, but not including an authority.



**BILL****SECTION 12**

1           **SECTION 12.** 16.765 (1) of the statutes is amended to read:

2           16.765 (1) Contracting agencies, the University of Wisconsin Hospitals and  
3 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin  
4 Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the Lower  
5 Fox River Remediation Authority, ~~the Wisconsin Economic Development~~  
6 ~~Corporation~~, and the Bradley Center Sports and Entertainment Corporation shall  
7 include in all contracts executed by them a provision obligating the contractor not  
8 to discriminate against any employee or applicant for employment because of age,  
9 race, religion, color, handicap, sex, physical condition, developmental disability as  
10 defined in s. 51.01 (5), sexual orientation as defined in s. 111.32 (13m), or national  
11 origin and, except with respect to sexual orientation, obligating the contractor to take  
12 affirmative action to ensure equal employment opportunities.

13           **SECTION 13.** 16.765 (2) of the statutes is amended to read:

14           16.765 (2) Contracting agencies, the University of Wisconsin Hospitals and  
15 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin  
16 Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the Lower  
17 Fox River Remediation Authority, ~~the Wisconsin Economic Development~~  
18 ~~Corporation~~, and the Bradley Center Sports and Entertainment Corporation shall  
19 include the following provision in every contract executed by them: "In connection  
20 with the performance of work under this contract, the contractor agrees not to  
21 discriminate against any employee or applicant for employment because of age, race,  
22 religion, color, handicap, sex, physical condition, developmental disability as defined  
23 in s. 51.01 (5), sexual orientation or national origin. This provision shall include, but  
24 not be limited to, the following: employment, upgrading, demotion or transfer;  
25 recruitment or recruitment advertising; layoff or termination; rates of pay or other

**BILL**

1 forms of compensation; and selection for training, including apprenticeship. Except  
2 with respect to sexual orientation, the contractor further agrees to take affirmative  
3 action to ensure equal employment opportunities. The contractor agrees to post in  
4 conspicuous places, available for employees and applicants for employment, notices  
5 to be provided by the contracting officer setting forth the provisions of the  
6 nondiscrimination clause”.

7 **SECTION 14.** 16.765 (5) of the statutes is amended to read:

8 16.765 (5) The head of each contracting agency and the boards of directors of  
9 the University of Wisconsin Hospitals and Clinics Authority, the Fox River  
10 Navigational System Authority, the Wisconsin Aerospace Authority, the Health  
11 Insurance Risk-Sharing Plan Authority, the Lower Fox River Remediation  
12 Authority, ~~the Wisconsin Economic Development Corporation~~, and the Bradley  
13 Center Sports and Entertainment Corporation shall be primarily responsible for  
14 obtaining compliance by any contractor with the nondiscrimination and affirmative  
15 action provisions prescribed by this section, according to procedures recommended  
16 by the department. The department shall make recommendations to the contracting  
17 agencies and the boards of directors of the University of Wisconsin Hospitals and  
18 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin  
19 Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the Lower  
20 Fox River Remediation Authority, ~~the Wisconsin Economic Development~~  
21 ~~Corporation~~, and the Bradley Center Sports and Entertainment Corporation for  
22 improving and making more effective the nondiscrimination and affirmative action  
23 provisions of contracts. The department shall promulgate such rules as may be  
24 necessary for the performance of its functions under this section.

25 **SECTION 15.** 16.765 (6) of the statutes is amended to read:

**BILL****SECTION 15**

1           16.765 (6) The department may receive complaints of alleged violations of the  
2 nondiscrimination provisions of such contracts. The department shall investigate  
3 and determine whether a violation of this section has occurred. The department may  
4 delegate this authority to the contracting agency, the University of Wisconsin  
5 Hospitals and Clinics Authority, the Fox River Navigational System Authority, the  
6 Wisconsin Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority,  
7 the Lower Fox River Remediation Authority, ~~the Wisconsin Economic Development~~  
8 ~~Corporation~~, or the Bradley Center Sports and Entertainment Corporation for  
9 processing in accordance with the department's procedures.

10           **SECTION 16.** 16.765 (7) (intro.) of the statutes is amended to read:

11           16.765 (7) (intro.) When a violation of this section has been determined by the  
12 department, the contracting agency, the University of Wisconsin Hospitals and  
13 Clinics Authority, the Fox River Navigational System Authority, the Wisconsin  
14 Aerospace Authority, the Health Insurance Risk-Sharing Plan Authority, the Lower  
15 Fox River Remediation Authority, ~~the Wisconsin Economic Development~~  
16 ~~Corporation~~, or the Bradley Center Sports and Entertainment Corporation, the  
17 contracting agency, the University of Wisconsin Hospitals and Clinics Authority, the  
18 Fox River Navigational System Authority, the Wisconsin Aerospace Authority, the  
19 Health Insurance Risk-Sharing Plan Authority, the Lower Fox River Remediation  
20 Authority, ~~the Wisconsin Economic Development Corporation~~, or the Bradley Center  
21 Sports and Entertainment Corporation shall:

22           **SECTION 17.** 16.765 (7) (d) of the statutes is amended to read:

23           16.765 (7) (d) Direct the violating party to take immediate steps to prevent  
24 further violations of this section and to report its corrective action to the contracting  
25 agency, the University of Wisconsin Hospitals and Clinics Authority, the Fox River

**BILL**

1 Navigational System Authority, the Wisconsin Aerospace Authority, the Health  
2 Insurance Risk-Sharing Plan Authority, the Lower Fox River Remediation  
3 Authority, ~~the Wisconsin Economic Development Corporation~~, or the Bradley Center  
4 Sports and Entertainment Corporation.

5 **SECTION 18.** 16.765 (8) of the statutes is amended to read:

6 16.765 (8) If further violations of this section are committed during the term  
7 of the contract, the contracting agency, the Fox River Navigational System Authority,  
8 the Wisconsin Aerospace Authority, the Health Insurance Risk-Sharing Plan  
9 Authority, the Lower Fox River Remediation Authority, ~~the Wisconsin Economic~~  
10 ~~Development Corporation~~, or the Bradley Center Sports and Entertainment  
11 Corporation may permit the violating party to complete the contract, after complying  
12 with this section, but thereafter the contracting agency, the Fox River Navigational  
13 System Authority, the Wisconsin Aerospace Authority, the Health Insurance  
14 Risk-Sharing Plan Authority, the Lower Fox River Remediation Authority, ~~the~~  
15 ~~Wisconsin Economic Development Corporation~~, or the Bradley Center Sports and  
16 Entertainment Corporation shall request the department to place the name of the  
17 party on the ineligible list for state contracts, or the contracting agency, the Fox River  
18 Navigational System Authority, the Wisconsin Aerospace Authority, the Health  
19 Insurance Risk-Sharing Plan Authority, the Lower Fox River Remediation  
20 Authority, ~~the Wisconsin Economic Development Corporation~~, or the Bradley Center  
21 Sports and Entertainment Corporation may terminate the contract without liability  
22 for the uncompleted portion or any materials or services purchased or paid for by the  
23 contracting party for use in completing the contract.

24 **SECTION 19.** 16.84 (14) of the statutes is amended to read:

**BILL****SECTION 19**

1           16.84 (14) Provide interagency mail delivery service for agencies, as defined  
2 in s. ~~16.70 (1e)~~ 16.97 (1m). The department may charge agencies for this service. Any  
3 moneys collected shall be credited to the appropriation account under s. 20.505 (1)  
4 (kb).

5           **SECTION 20.** 16.847 (2) (a) of the statutes is amended to read:

6           16.847 (2) (a) The department may provide funding to agencies, as defined in  
7 s. ~~16.70 (1e)~~ 16.97 (1m), for energy conservation construction projects at state  
8 facilities under the jurisdiction of the agencies to enhance the energy efficiency of the  
9 facilities. The department shall prescribe standards for evaluation of proposed  
10 projects and allocation of available moneys for those projects under this subsection.

11           **SECTION 21.** 16.855 (16) (b) 1. of the statutes is amended to read:

12           16.855 (16) (b) 1. In this paragraph, “agency” has the meaning given in s. ~~16.70~~  
13 ~~(1e)~~ 16.97 (1m).

14           **SECTION 22.** 16.891 (1) (a) of the statutes is amended to read:

15           16.891 (1) (a) “Agency” has the meaning given in s. ~~16.70 (1e)~~ 16.97 (1m).

16           **SECTION 23.** 16.967 (1) (a) of the statutes is amended to read:

17           16.967 (1) (a) “Agency” has the meaning given in s. ~~16.70 (1e)~~ 16.97 (1m).

18           **SECTION 24.** 16.97 (1m) of the statutes is amended to read:

19           16.97 (1m) “Agency” ~~has the meaning given in s. 16.70 (1e)~~ means an office,  
20 department, agency, institution of higher education, association, society, or other  
21 body in state government created or authorized to be created by the constitution or  
22 any law, which is entitled to expend moneys appropriated by law, including the  
23 legislature and the courts, but not including an authority.

24           **SECTION 25.** 19.42 (10) (sm) of the statutes is amended to read:

**BILL**

1           19.42 (10) (sm) The non-clerical employees of the Wisconsin Economic  
2           Development Corporation and the members of the board of directors of the Wisconsin  
3           Economic Development Corporation employed in the private sector who are  
4           appointed by the speaker of the assembly and the senate majority leader.

5           **SECTION 26.** 19.42 (13) (om) of the statutes is amended to read:

6           19.42 (13) (om) The non-clerical employees of the Wisconsin Economic  
7           Development Corporation and the members of the board of directors of the Wisconsin  
8           Economic Development Corporation employed in the private sector who are  
9           appointed by the speaker of the assembly and the senate majority leader.

10          **SECTION 27.** 20.505 (5) (ke) of the statutes is amended to read:

11          20.505 (5) (ke) *Additional energy conservation construction projects.* All  
12          moneys received by the department from agencies, as defined in s. ~~16.70 (1e)~~ 16.97  
13          (1m), in payment of assessments under s. 16.847 (3) for energy cost savings at state  
14          facilities, for the purpose of providing additional funding to those agencies for energy  
15          conservation construction projects at state facilities under the jurisdiction of the  
16          agencies as provided in s. 16.847 (2).

17          **SECTION 28.** 20.866 (2) (ws) of the statutes is amended to read:

18          20.866 (2) (ws) *Administration; energy conservation projects; capital*  
19          *improvement fund.* From the capital improvement fund, a sum sufficient for the  
20          department of administration to provide funding to agencies, as defined in s. 16.70  
21          ~~(1e)~~ 16.97 (1m), for energy conservation construction projects at state facilities under  
22          the jurisdiction of the agencies pursuant to s. 16.847 (2). The state may contract  
23          public debt in an amount not exceeding \$180,000,000 for this purpose.

24          **SECTION 29.** 20.867 (3) (kd) of the statutes is amended to read:

## BILL

## SECTION 29

1           20.867 (3) (kd) *Energy conservation construction projects; principal repayment,*  
2           *interest and rebates.* All moneys received by the building commission from agencies,  
3           as defined in s. ~~16.70 (1e)~~ 16.97 (1m), in payment of assessments under s. 16.847 (3),  
4           for the purpose of reimbursing s. 20.866 (1) (u) for the payment of principal and  
5           interest costs incurred in financing energy conservation construction projects at  
6           state facilities, to make the payments determined by the building commission under  
7           s. 13.488 (1) (m) that are attributable to the proceeds of obligations incurred in  
8           financing energy conservation construction projects at state facilities, and to make  
9           payments under an agreement or ancillary arrangement entered into under s. 18.06  
10          (8) (a).

11          **SECTION 30.** 238.02 (1) of the statutes is amended to read:

12          238.02 (1) There is created an authority, which is a public body corporate and  
13          politic, to be known as the "Wisconsin Economic Development Corporation." The  
14          members of the board shall consist of the governor, who shall serve as chairperson  
15          of the board, and 6 members nominated by the governor, and with the advice and  
16          consent of the senate appointed, to serve ~~at the pleasure of the governor~~ for 6-year  
17          terms; 3 members appointed by the speaker of the assembly, consisting of one  
18          majority and one minority party representative to the assembly, appointed as are the  
19          members of standing committees in the assembly, and one person employed in the  
20          private sector, to serve ~~at the speaker's pleasure~~ for a 6-year term; and 3 members  
21          appointed by the senate majority leader, consisting of one majority and one minority  
22          party senator, appointed as are members of standing committees in the senate, and  
23          one person employed in the private sector, to serve ~~at the majority leader's pleasure~~  
24          for a 6-year term. The secretary of administration and the secretary of revenue shall  
25          also serve on the board as nonvoting members.

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**BILL**

1           **SECTION 31.** 238.02 (1g) of the statutes is created to read:

2           238.02 (1g) (a) The board shall elect a lead director to serve for a 2-year term.

3           The lead director shall have significant corporate management experience and shall  
4           be one of the members of the board nominated by the governor or one of the members  
5           appointed by the speaker of the assembly or senate majority leader who is employed  
6           in the private sector.

7           (b) The lead director shall do all of the following:

8           1. Chair meetings of the board in the chairperson's absence.

9           2. Chair the governance committee under sub. (1r).

10          3. Serve as a liaison between the chairperson of the board and the other  
11          members of the board.

12          4. Work with the chairperson to ensure an adequate committee structure for  
13          any committee the board establishes.

14          5. Carry out any other duties assigned to the lead director by the board or the  
15          governance committee.

16          **SECTION 32.** 238.02 (1r) of the statutes is created to read:

17          238.02 (1r) (a) The board shall establish a governance committee. The  
18          governance committee shall consist of the lead director and two other members who  
19          shall be elected by the board from the members of the board nominated by the  
20          governor or the members appointed by the speaker of the assembly and senate  
21          majority leader who are employed in the private sector, or both.

22          (b) The governance committee shall do all of the following:

23          1. Develop governance principles for the board's oversight of the corporation.

24          2. Oversee the board's operations.

25          3. Recommend membership for committees the board establishes.



## BILL

## SECTION 32

and the board

1 4. Assist the chairperson to identify qualified candidates to fill vacancies on the  
2 board.

3 5. Facilitate communication between the members of the board and the chief  
4 executive officer of the corporation.

5 **SECTION 33.** 238.03 (2) (c) of the statutes is amended to read:

6 238.03 (2) (c) Require that each recipient of a grant or loan, or allocation of a  
7 tax benefit under the program submit a report to the corporation. Each contract with  
8 a recipient of a grant or loan, or allocation of a tax benefit under the program must  
9 specify the frequency and format of the report to be submitted to the corporation and  
10 the performance measures to be included in the report.

11 **SECTION 34.** 238.03 (2) (e) of the statutes is amended to read:

12 238.03 (2) (e) Annually and independently verify, from a sample of grants and,  
13 loans, and allocated tax benefits the accuracy of the information required to be  
14 reported under par. (c).

15 **SECTION 35.** 238.045 of the statutes is created to read:

16 **238.045 Establishment of nonprofit organization.** (1) DEFINITION. In this  
17 section, "nonprofit organization" means a nonprofit corporation, as defined in s.  
18 181.0103 (17), and any organization described in section 501 (c) (3) of the Internal  
19 Revenue Code that is exempt from federal income tax under section 501 (a) of the  
20 Internal Revenue Code.

21 (2) REQUIREMENTS. (a) The corporation may not establish a nonprofit  
22 organization except as provided in par. (b).

23 (b) 1. The chief executive officer of the corporation shall submit any plan for the  
24 corporation to establish a nonprofit organization to the joint committee on finance.

**BILL**

1 That plan shall describe in detail the corporation's proposal to establish the nonprofit  
2 organization.

3 2. If, within 14 working days after the date the joint committee on finance  
4 receives the plan under subd. 1., the cochairpersons of the committee do not notify  
5 the chief executive officer of the corporation that the committee has scheduled a  
6 meeting to review the plan, the corporation may implement the plan. If, within 14  
7 working days after the date the committee receives the plan, the cochairpersons of  
8 the committee notify the chief executive officer that the committee has scheduled a  
9 meeting to review the plan, the corporation may implement the plan only upon  
10 approval by the committee.

11 **SECTION 36.** 238.07 (2) (am) of the statutes is created to read:

12 238.07 (2) (am) Quantifiable performance measures directly related to the  
13 purpose of the program including, when applicable, all of the following information:

14 1. An accounting of the location, by municipality, of each job created or retained  
15 in the state in the previous fiscal year as a result of the program.

16 2. An accounting of the industry classification, by municipality, of each job  
17 created or retained in the state as a result of the program.

18 **SECTION 37.** 238.07 (2) (dm) of the statutes is created to read:

19 238.07 (2) (dm) The total amount of tax benefits that the corporation allocated,  
20 and the total amount of tax benefits that the corporation verified to the department  
21 of revenue, under the program.

22 **SECTION 38.** 238.07 (2) (fm) of the statutes is created to read:

23 238.07 (2) (fm) An identification of each recipient of a tax benefit that was  
24 allocated by the corporation, and each recipient of a tax benefit that was verified by  
25 the corporation to the department of revenue, under the program.

## BILL

## SECTION 39

1       **SECTION 39.** 238.07 (2) (gm) of the statutes is created to read:

2       238.07 (2) (gm) The number of recipients of a grant, loan, or tax benefit under  
3       the program that satisfied the requirements under s. 238.03 (2) (c) and a list that  
4       identifies each recipient of a grant, loan, or tax benefit under the program that failed  
5       to satisfy those requirements.

6       **SECTION 40.** 250.20 (1) (k) of the statutes is amended to read:

7       250.20 (1) (k) "State agency" has the meaning given in s. ~~16.70 (1e)~~ 16.97 (1m).

8       **SECTION 41. Nonstatutory provisions.**

9       (1) TERM LIMITS; STAGGERING OF TERMS.

10       (a) The current members of the board of directors of the Wisconsin Economic  
11       Development Corporation who are nominated by the governor shall no longer serve  
12       at the pleasure of the governor but shall have terms expiring as follows, in order from  
13       first to last based on the order in which the members were appointed:

14           1. The terms of 2 members shall expire on July 1, 2018.

15           2. The terms of 2 members shall expire on July 1, 2019.

16           3. The terms of 2 members shall expire on July 1, 2020.

17       (b) The current member of the board of directors of the Wisconsin Economic  
18       Development Corporation who is employed in the private sector and appointed by the  
19       speaker of the assembly shall no longer serve at the pleasure of the speaker but shall  
20       have a term expiring on July 1, 2017.

21       (c) The current member of the board of directors of the Wisconsin Economic  
22       Development Corporation who is employed in the private sector and appointed by the  
23       senate majority leader shall no longer serve at the pleasure of the majority leader but  
24       shall have a term expiring on July 1, 2017.

25       (END)



State of Wisconsin  
2013 - 2014 LEGISLATURE



LRB-2394/1  
RAC&MPG:cjs:jf

2013 BILL

- 1 AN ACT *to amend* 238.02 (3) and 238.02 (4); *to repeal and recreate* 238.02 (1);  
2 and *to create* 238.02 (1d), 238.02 (1h) and 238.02 (5) of the statutes; **relating**  
3 **to:** board of directors of the Wisconsin Economic Development Corporation.

*Analysis by the Legislative Reference Bureau*

This bill makes all of the following changes to the organization, powers, and duties of the board of directors of the Wisconsin Economic Development Corporation (WEDC):

1. Currently, the WEDC board includes six members who are nominated by the governor and appointed with the advice and consent of the senate and who serve at the pleasure of the governor; three members appointed by the speaker of the assembly, consisting of one majority and one minority party representative to the assembly and one person employed in the private sector; and three members appointed by the senate majority leader, consisting of one majority and one minority party senator and one person employed in the private sector.

2. Under this bill, the members of the WEDC board nominated by the governor no longer serve at the pleasure of the governor but serve four-year terms. The governor must select nominees from a list of candidates prepared by the WEDC board. In addition, the members of the board appointed by the speaker of the assembly and senate majority leader who are employed in the private sector no longer serve at the pleasure of the speaker or majority leader but serve four-year terms.

3. Under the bill, the WEDC board must prepare a list of candidates from which the governor may nominate members of the board. The WEDC board must include

This is insert A-1 [start]

**BILL**

on the list at least two candidates for each position. In addition, the board must select candidates who have financial management experience, municipal or regional economic development experience, or private sector business experience. The board must also ensure that some of the candidates have expertise in corporate ethics.

4. (3) Currently, the governor serves as chairperson of the WEDC board. Under the bill, the WEDC board must elect a chairperson. The board must also elect one of its members to serve as a lead director for a two-year term. Under the bill, the lead director is to provide guidance to the WEDC board, facilitate communication between the board and the corporation, and advise the chairperson of the board and the chief executive officer.

5. (4) Currently, the WEDC chief executive officer is nominated by the governor, and with the advice and consent of the senate appointed, to serve at the pleasure of the governor. This bill provides that the board shall appoint the chief executive officer and may not delegate to any WEDC employee the power to appoint or terminate the employment of any executive employee of WEDC.

6. (5) The bill also provides that the WEDC board may not delegate to any WEDC employee the power or duty to develop or implement any internal policy without the board first approving the policy.

7. (6) The bill requires the WEDC board to establish a finance committee consisting of five board members. The members of the finance committee must elect a chairperson. Under the bill, no offers of grants, loans, or tax credits may be made by WEDC to any business without the approval of the finance committee.

8. (7) The bill requires the WEDC board to establish an audit and compliance committee to audit the programs and finances of WEDC and to ensure that WEDC is in compliance with applicable state and federal law. The committee must meet monthly and publish the minutes of its meetings. The committee must also report at each WEDC board meeting on the current compliance of WEDC with applicable state and federal law, the status of any contracts with businesses that are out of compliance with the contract, and what actions have been planned or taken to resolve the compliance issues.

9. (8) The bill provides that the chairpersons of all committees established by the WEDC board must prepare agendas for committee meetings.

10. (9) Finally, the bill provides that if the WEDC board establishes or incorporates a foundation or other entity to solicit funds for economic development in this state, the board must publish a list of all donors on an Internet Web site maintained by WEDC and must include the list in its annual report to the legislature. Under the bill, no person who contributes moneys to the foundation or other entity may participate in any WEDC economic development program for two years from the date of the contribution.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1

**SECTION 1.** 238.02 (1) of the statutes is repealed and recreated to read:

This is Insert 12-10 [start]

**BILL**

1           238.02 (1) There is created an authority, which is a public body corporate and  
2           politic, to be known as the "Wisconsin Economic Development Corporation." The  
3           members of the board shall consist of all of the following:

4           (a) The governor.

5           (b) Six members nominated by the governor, and with the advice and consent  
6           of the senate appointed, to serve for 4-year terms. The governor shall nominate  
7           members from a slate of candidates prepared by the board under sub. (1d), and at  
8           least one of the nominees must be an expert in corporate ethics.

9           (c) Three members appointed by the speaker of the assembly, consisting of one  
10          majority and one minority party representative to the assembly, appointed as are the  
11          members of standing committees in the assembly.

12          (d) One person appointed by the speaker of the assembly who is employed in  
13          the private sector for a 4-year term.

14          (e) Three members appointed by the senate majority leader, consisting of one  
15          majority and one minority party senator, appointed as are members of standing  
16          committees in the senate.

17          (f) One person appointed by the senate majority leader who is employed in the  
18          private sector for a 4-year term.

19          (g) The secretaries of administration and revenue, but as nonvoting members.

20          **SECTION 2.** 238.02 (1d) of the statutes is created to read:

21          238.02 (1d) The board shall prepare a list of candidates from which the  
22          governor shall nominate members of the board under sub. (1) (b). The board shall  
23          include on the list at least 2 candidates for each position. The board must select  
24          candidates who have financial management experience, municipal or regional

This is Insert 12-10 [cont.]

## BILL

## SECTION 2

*From its members,*  
1 economic development experience, or private sector business experience. The board  
2 shall also ensure that some of the candidates have expertise in corporate ethics.

3 SECTION 3. 238.02 (1b) of the statutes is created to read:

4 238.02 (1b) *1f* The board shall elect a chairperson. The board shall also elect one  
5 of its members *except the chairperson* to serve as a lead director for a 2-year term. The lead director shall  
6 provide guidance to the board, facilitate communication between the board and the  
7 corporation, and advise the chairperson of the board and the chief executive officer.

INSERT 12-10  
END

8 SECTION 4. 238.02 (3) of the statutes is amended to read:

9 238.02 (3) A chief executive officer shall be ~~nominated by the governor~~, and  
10 ~~with the advice and consent of the senate~~ appointed by the board, to serve at the  
11 pleasure of the ~~governor~~ board. The board may delegate to the chief executive officer  
12 any powers and duties the board considers proper, except any power to appoint or  
13 terminate the employment of any executive employee of the corporation or to develop  
14 or implement any internal policy without the board first approving the policy. The  
15 chief executive officer shall receive such compensation as may be determined by the  
16 board.

INSERT  
14-4  
START

17 SECTION 5. 238.02 (4) of the statutes is amended to read:

18 238.02 (4) All powers and duties assigned to the corporation under this chapter  
19 shall be exercised or carried out by the board, unless the board delegates the power  
20 or duty to an employee of the corporation. The board may not delegate to an employee  
21 of the corporation any power to appoint or terminate the employment of any  
22 executive employee of the corporation or to develop or implement any internal policy  
23 without the board first approving the policy.

24 SECTION 6. 238.02 (5) of the statutes is created to read:

This is Insert  
12-10 [END]

This is Insert 14-4 [start]

**BILL**

1           238.02 (5) (a) The board shall establish a finance committee consisting of 5  
2 board members. The members of the finance committee shall elect a chairperson.  
3 No offers of grants, loans, or tax credits may be made to any business under this  
4 chapter without the approval of the finance committee.

5           (b) The board shall establish an audit and compliance committee to audit the  
6 programs and finances of the corporation and to ensure that the corporation is in  
7 compliance with applicable state and federal law. The committee shall meet monthly  
8 and shall publish the minutes of its meetings. The committee shall report at each  
9 board meeting on the current compliance of the corporation with applicable state and  
10 federal law, the status of any contracts with businesses that are out of compliance  
11 with the contract, and what actions have been planned or taken to resolve the  
12 compliance issues.

13           (c) The chairpersons of all committees established by the board shall prepare  
14 agendas for committee meetings.

15           (d) If the board establishes or incorporates a foundation or other entity to solicit  
16 funds for economic development in this state, the board shall publish a list of all  
17 donors on an Internet Web site maintained by the corporation and shall include the  
18 list in the report under s. 238.07 (1). No person who contributes moneys to the  
19 foundation or other entity may participate in any economic development program  
20 under this chapter for 2 years from the date of the contribution.

21           **SECTION 7. Nonstatutory provisions.**

22           (1) TERM LIMITS AND STAGGERING OF TERMS.

23           (a) The current members of the board of the Wisconsin Economic Development  
24 Corporation who are nominated by the governor under section 238.02 (1), 2011 stats.,

This is insert 16-7 [Start]



**BILL****SECTION 7**

1 shall no longer serve at the pleasure of the governor, but shall have terms expiring  
2 as follows:

3 1. The terms of 2 members, as determined by the governor, shall expire on July  
4 1, 2015.

5 2. The terms of 2 members, as determined by the governor, shall expire on July  
6 1, 2016.

7 3. The terms of 2 members, as determined by the governor, shall expire on July  
8 1, 2017.

9 (b) The current member of the board of the Wisconsin Economic Development  
10 Corporation who is employed in the private sector and appointed by the speaker of  
11 the assembly under section 238.02 (1), 2011 stats., shall no longer serve at the  
12 pleasure of the speaker of the assembly but shall have a term expiring on July 1,  
13 2014.

14 (c) The current member of the board of the Wisconsin Economic Development  
15 Corporation who is employed in the private sector and appointed by the senate  
16 majority leader under section 238.02 (1), 2011 stats., shall no longer serve at the  
17 pleasure of the senate majority leader but shall have a term expiring on July 1, 2014.

18 (END)

This IS Insert 16-7 [END]



State of Wisconsin  
2013 - 2014 LEGISLATURE

Corrected  
copy



LRBs0073/1

MPG&CMH:sac&cjs:rs

ASSEMBLY SUBSTITUTE AMENDMENT 1,  
TO ASSEMBLY BILL 228

Added  
06-05-2013

Before Changes

June 5, 2013 - Offered by Representative SARGENT.

\*\*\*AUTHORS SUBJECT TO CHANGE\*\*\*



1 AN ACT *to renumber and amend* 13.94 (1) (dr); *to amend* 1.14 (1) (b), 13.92 (1)  
2 (b) 1. b., 13.94 (1s) (c) 5., 16.004 (17), 16.52 (6) (a), 16.53 (13) (a), 16.545 (9), 16.70  
3 (1e), 16.765 (1), 16.765 (2), 16.765 (5), 16.765 (6), 16.765 (7) (intro.), 16.765 (7)  
4 (d), 16.765 (8), 16.84 (14), 16.847 (2) (a), 16.855 (16) (b) 1., 16.891 (1) (a), 16.967  
5 (1) (a), 16.97 (1m), 19.42 (10) (sm), 19.42 (13) (om), 20.505 (5) (ke), 20.866 (2)  
6 (ws), 20.867 (3) (kd), 238.02 (3), 238.02 (4), 238.03 (2) (c), 238.03 (2) (e) and  
7 250.20 (1) (k); *to repeal and recreate* 238.02 (1); and *to create* 13.94 (1) (dr)  
8 1., 13.94 (1) (dr) 2., 238.02 (1d), 238.02 (1f), 238.02 (1g), 238.02 (1r), 238.02 (5),  
9 238.045, 238.07 (2) (am), 238.07 (2) (dm), 238.07 (2) (fm) and 238.07 (2) (gm) of  
10 the statutes; **relating to:** board of directors, powers and duties, including

- 1 reporting requirements, and financial audits of the Wisconsin Economic  
2 Development Corporation.
- 

***Analysis by the Legislative Reference Bureau***

This bill makes a number of changes to the laws governing the Wisconsin Economic Development Corporation (WEDC), including the following:

1. WEDC administers, develops, and implements economic development programs that have the purpose of encouraging the establishment and growth of businesses in this state. Each year, WEDC submits a report by October 1 to the Joint Legislative Audit Committee and each house of the legislature that provides information about the progress of WEDC's economic development programs during the previous fiscal year. That report must contain a description of each program, a comparison of expected and actual program outcomes, the number of grants or loans made under each program, the amount of each grant or loan, the recipient of each grant or loan, the sum total of all grants and loans awarded by WEDC under an economic development program, and any recommended changes to each program.

The bill requires WEDC to include all of the following additional information in its annual report:

a. Quantifiable performance measures directly related to the purpose of each economic development program, including an accounting of the location and industry classification, by municipality, of each job created or retained in the state in the previous fiscal year as a result of the program.

b. The amount of tax benefits that WEDC allocated, or verified to the Department of Revenue (DOR), under each program in the previous fiscal year.

c. An identification of each recipient of a tax benefit that WEDC allocated, or verified to DOR, during the previous fiscal year.

d. The total number of recipients of a grant, loan, or tax benefit that satisfied the certain reporting obligations to WEDC and a list identifying each recipient of a grant, loan, or tax benefit that failed to satisfy those obligations.

2. Currently, the WEDC board includes six members who are nominated by the governor and appointed with the advice and consent of the senate and who serve at the pleasure of the governor; three members appointed by the speaker of the assembly, consisting of one majority and one minority party representative to the assembly and one person employed in the private sector; and three members appointed by the senate majority leader, consisting of one majority and one minority party senator and one person employed in the private sector.

Under this bill, the members of the WEDC board nominated by the governor no longer serve at the pleasure of the governor but serve four-year terms. The governor must select nominees from a list of candidates prepared by the WEDC board. In addition, the members of the board appointed by the speaker of the assembly and senate majority leader who are employed in the private sector no longer serve at the pleasure of the speaker or majority leader but serve four-year terms.

Substitute  
amendment

3. Under the bill, the WEDC board must prepare a list of candidates from which the governor may nominate members of the board. The WEDC board must include on the list at least two candidates for each position. In addition, the board must select candidates who have financial management experience, municipal or regional economic development experience, or private sector business experience. The board must also ensure that some of the candidates have expertise in corporate ethics.

4. Currently, the governor serves as chairperson of the WEDC board. Under the bill, the WEDC board must elect a chairperson. The board must also elect one of its members to serve as a lead director for a two-year term. Under the bill, the lead director is to provide guidance to the WEDC board, facilitate communication between the board and the corporation, and advise the chairperson of the board and the chief executive officer.

5. Currently, the WEDC chief executive officer is nominated by the governor, and with the advice and consent of the senate appointed, to serve at the pleasure of the governor. This bill provides that the board shall appoint the chief executive officer and may not delegate to any WEDC employee the power to appoint or terminate the employment of any executive employee of WEDC.

6. The bill also provides that the WEDC board may not delegate to any WEDC employee the power or duty to develop or implement any internal policy without the board first approving the policy.

7. The bill requires the WEDC board to establish a finance committee consisting of five board members. The members of the finance committee must elect a chairperson. Under the bill, no offers of grants, loans, or tax credits may be made by WEDC to any business without the approval of the finance committee.

8. The bill requires the WEDC board to establish an audit and compliance committee to audit the programs and finances of WEDC and to ensure that WEDC is in compliance with applicable state and federal law. The committee must meet monthly and publish the minutes of its meetings. The committee must also report at each WEDC board meeting on the current compliance of WEDC with applicable state and federal law, the status of any contracts with businesses that are out of compliance with the contract, and what actions have been planned or taken to resolve the compliance issues.

9. The bill provides that the chairpersons of all committees established by the WEDC board must prepare agendas for committee meetings.

10. The bill provides that if the WEDC board establishes or incorporates a foundation or other entity to solicit funds for economic development in this state, the board must publish a list of all donors on an Internet site maintained by WEDC and must include the list in its annual report to the legislature. Under the bill, no person who contributes moneys to the foundation or other entity may participate in any WEDC economic development program for two years from the date of the contribution.

11. Under the bill, the board must also elect one of its public members to serve as the board's lead director for a two-year term. The lead director must have significant corporate management experience. Under the bill, the lead director is to chair meetings of the board in the chairperson's absence, chair the governance

substitute  
amendment

committee, described below, serve as a liaison between the chairperson and the other board members, work with the chairperson to ensure adequate committee structure for any committees the board establishes, and carry out other duties as assigned by the board or the governance committee.

12. The bill further requires WEDC's board to establish a governance committee. In addition to the lead director, who serves as chair of the governance committee, the governance committee must include two of the board's public members. The bill directs the governance committee to develop principles for the board's oversight of WEDC, oversee the board's operations, recommend membership for committees the board establishes, assist the chairperson and the board to identify qualified candidates to fill vacancies on the board, and facilitate communication between the members of the board and the chief executive officer of WEDC.

13. Under current law, the Legislative Audit Bureau is required to conduct a financial audit of WEDC every two years and a program evaluation audit of the economic development programs administered by WEDC every two years. The bill requires that the financial audit be conducted annually until June 30, 2019, after which point, the financial audit reverts to being conducted every two years.

14. In addition to other powers specifically enumerated in the statutes, current law grants WEDC all the powers necessary or convenient to carry out its purposes. The bill limits WEDC's power to establish a nonprofit organization by requiring WEDC to submit any plan to establish a nonprofit organization to the Joint Committee on Finance under passive review.

15. Under current law, with certain exceptions, the Department of Administration (DOA) must purchase, or may delegate the authority to purchase, all necessary materials, supplies, equipment, all other permanent personal property and miscellaneous capital, and contractual services for all agencies. DOA, or its delegated agents, may contract for services that can be performed more economically or efficiently by contract. With exceptions, DOA must award orders and contracts to the lowest responsible bidders or most competitive proposal. If the estimated cost of an expenditure exceeds \$50,000, DOA must solicit bids or competitive sealed proposals. This bill adds WEDC to the definition of agency for purposes of state procurement so that WEDC is subject to the same laws regulating agency purchasing.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

- 1           SECTION 1. 1.14 (1) (b) of the statutes is amended to read:
- 2           1.14 (1) (b) "State agency" has the meaning given for "agency" under s. 16.70
- 3           (1e) 16.97 (1m).

substitute amendment



ASSEMBLY SUBSTITUTE AMENDMENT 1,  
TO ASSEMBLY BILL 228

06-05-2013  
After changes

June 5, 2013 – Offered by Representative SARGENT.

\*\*\*AUTHORS SUBJECT TO CHANGE\*\*\*

1     **AN ACT** *to renumber and amend* 13.94 (1) (dr); *to amend* 1.14 (1) (b), 13.92 (1)  
2           (b) 1. b., 13.94 (1s) (c) 5., 16.004 (17), 16.52 (6) (a), 16.53 (13) (a), 16.545 (9), 16.70  
3           (1e), 16.765 (1), 16.765 (2), 16.765 (5), 16.765 (6), 16.765 (7) (intro.), 16.765 (7)  
4           (d), 16.765 (8), 16.84 (14), 16.847 (2) (a), 16.855 (16) (b) 1., 16.891 (1) (a), 16.967  
5           (1) (a), 16.97 (1m), 19.42 (10) (sm), 19.42 (13) (om), 20.505 (5) (ke), 20.866 (2)  
6           (ws), 20.867 (3) (kd), 238.02 (3), 238.02 (4), 238.03 (2) (c), 238.03 (2) (e) and  
7           250.20 (1) (k); *to repeal and recreate* 238.02 (1); and *to create* 13.94 (1) (dr)  
8           1., 13.94 (1) (dr) 2., 238.02 (1d), 238.02 (1f), 238.02 (1g), 238.02 (1r), 238.02 (5),  
9           238.045, 238.07 (2) (am), 238.07 (2) (dm), 238.07 (2) (fm) and 238.07 (2) (gm) of  
10          the statutes; **relating to:** board of directors, powers and duties, including

1 reporting requirements, and financial audits of the Wisconsin Economic  
2 Development Corporation.

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***Analysis by the Legislative Reference Bureau***

This substitute amendment makes a number of changes to the laws governing the Wisconsin Economic Development Corporation (WEDC), including the following:

1. WEDC administers, develops, and implements economic development programs that have the purpose of encouraging the establishment and growth of businesses in this state. Each year, WEDC submits a report by October 1 to the Joint Legislative Audit Committee and each house of the legislature that provides information about the progress of WEDC's economic development programs during the previous fiscal year. That report must contain a description of each program, a comparison of expected and actual program outcomes, the number of grants or loans made under each program, the amount of each grant or loan, the recipient of each grant or loan, the sum total of all grants and loans awarded by WEDC under an economic development program, and any recommended changes to each program.

The substitute amendment requires WEDC to include all of the following additional information in its annual report:

a. Quantifiable performance measures directly related to the purpose of each economic development program, including an accounting of the location and industry classification, by municipality, of each job created or retained in the state in the previous fiscal year as a result of the program.

b. The amount of tax benefits that WEDC allocated, or verified to the Department of Revenue (DOR), under each program in the previous fiscal year.

c. An identification of each recipient of a tax benefit that WEDC allocated, or verified to DOR, during the previous fiscal year.

d. The total number of recipients of a grant, loan, or tax benefit that satisfied certain reporting obligations to WEDC and a list identifying each recipient of a grant, loan, or tax benefit that failed to satisfy those obligations.

2. Currently, the WEDC board includes six members who are nominated by the governor and appointed with the advice and consent of the senate and who serve at the pleasure of the governor; three members appointed by the speaker of the assembly, consisting of one majority and one minority party representative to the assembly and one person employed in the private sector; and three members appointed by the senate majority leader, consisting of one majority and one minority party senator and one person employed in the private sector.

Under this substitute amendment, the members of the WEDC board nominated by the governor no longer serve at the pleasure of the governor but serve four-year terms. The governor must select nominees from a list of candidates prepared by the WEDC board. In addition, the members of the board appointed by the speaker of the assembly and senate majority leader who are employed in the private sector no longer serve at the pleasure of the speaker or majority leader but serve four-year terms.

3. Under the substitute amendment, the WEDC board must prepare a list of candidates from which the governor may nominate members of the board. The WEDC board must include on the list at least two candidates for each position. In addition, the board must select candidates who have financial management experience, municipal or regional economic development experience, or private sector business experience. The board must also ensure that some of the candidates have expertise in corporate ethics.

4. Currently, the governor serves as chairperson of the WEDC board. Under the substitute amendment, the WEDC board must elect a chairperson. The board must also elect one of its members to serve as a lead director for a two-year term. Under the substitute amendment, the lead director is to provide guidance to the WEDC board, facilitate communication between the board and the corporation, and advise the chairperson of the board and the chief executive officer.

5. Currently, the WEDC chief executive officer is nominated by the governor, and with the advice and consent of the senate appointed, to serve at the pleasure of the governor. This substitute amendment provides that the board shall appoint the chief executive officer and may not delegate to any WEDC employee the power to appoint or terminate the employment of any executive employee of WEDC.

6. The substitute amendment also provides that the WEDC board may not delegate to any WEDC employee the power or duty to develop or implement any internal policy without the board first approving the policy.

7. The substitute amendment requires the WEDC board to establish a finance committee consisting of five board members. The members of the finance committee must elect a chairperson. Under the substitute amendment, no offers of grants, loans, or tax credits may be made by WEDC to any business without the approval of the finance committee.

8. The substitute amendment requires the WEDC board to establish an audit and compliance committee to audit the programs and finances of WEDC and to ensure that WEDC is in compliance with applicable state and federal law. The committee must meet monthly and publish the minutes of its meetings. The committee must also report at each WEDC board meeting on the current compliance of WEDC with applicable state and federal law, the status of any contracts with businesses that are out of compliance with the contract, and what actions have been planned or taken to resolve the compliance issues.

9. The substitute amendment provides that the chairpersons of all committees established by the WEDC board must prepare agendas for committee meetings.

10. The substitute amendment provides that if the WEDC board establishes or incorporates a foundation or other entity to solicit funds for economic development in this state, the board must publish a list of all donors on an Internet site maintained by WEDC and must include the list in its annual report to the legislature. Under the substitute amendment, no person who contributes moneys to the foundation or other entity may participate in any WEDC economic development program for two years from the date of the contribution.

11. Under the substitute amendment, the board must also elect one of its public members to serve as the board's lead director for a two-year term. The lead director



must have significant corporate management experience. Under the substitute amendment, the lead director is to chair meetings of the board in the chairperson's absence, chair the governance committee, described below, serve as a liaison between the chairperson and the other board members, work with the chairperson to ensure adequate committee structure for any committees the board establishes, and carry out other duties as assigned by the board or the governance committee.

12. The substitute amendment further requires WEDC's board to establish a governance committee. In addition to the lead director, who serves as chair of the governance committee, the governance committee must include two of the board's public members. The substitute amendment directs the governance committee to develop principles for the board's oversight of WEDC, oversee the board's operations, recommend membership for committees the board establishes, assist the chairperson and the board to identify qualified candidates to fill vacancies on the board, and facilitate communication between the members of the board and the chief executive officer of WEDC.

13. Under current law, the Legislative Audit Bureau is required to conduct a financial audit of WEDC every two years and a program evaluation audit of the economic development programs administered by WEDC every two years. The substitute amendment requires that the financial audit be conducted annually until June 30, 2019, after which point, the financial audit reverts to being conducted every two years.

14. In addition to other powers specifically enumerated in the statutes, current law grants WEDC all the powers necessary or convenient to carry out its purposes. The substitute amendment limits WEDC's power to establish a nonprofit organization by requiring WEDC to submit any plan to establish a nonprofit organization to the Joint Committee on Finance under passive review.

15. Under current law, with certain exceptions, the Department of Administration (DOA) must purchase, or may delegate the authority to purchase, all necessary materials, supplies, equipment, all other permanent personal property and miscellaneous capital, and contractual services for all agencies. DOA, or its delegated agents, may contract for services that can be performed more economically or efficiently by contract. With exceptions, DOA must award orders and contracts to the lowest responsible bidders or most competitive proposal. If the estimated cost of an expenditure exceeds \$50,000, DOA must solicit bids or competitive sealed proposals. This substitute amendment adds WEDC to the definition of agency for purposes of state procurement so that WEDC is subject to the same laws regulating agency purchasing.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

3. The terms of 2 members, as determined by the governor, shall expire on July 1, 2017.

(b) The current member of the board of the Wisconsin Economic Development Corporation who is employed in the private sector and appointed by the speaker of the assembly under section 238.02 (1), 2011 stats., shall no longer serve at the pleasure of the speaker of the assembly but shall have a term expiring on July 1, 2014.

(c) The current member of the board of the Wisconsin Economic Development Corporation who is employed in the private sector and appointed by the senate majority leader under section 238.02 (1), 2011 stats., shall no longer serve at the pleasure of the senate majority leader but shall have a term expiring on July 1, 2014.

**(END)**